



State of South Carolina Office of the Governor

MARK SANFORD
GOVERNOR

POST OFFICE BOX 12267
COLUMBIA 29211

December 2, 2008

Dear President-Elect Obama:

As governors, and more significantly as fellow Americans, we wanted to write in light of today's historic meeting in Philadelphia to say how much we appreciated you making the effort you did to meet. Thank you for consulting with us so early in your transition. Coming from a culture of balancing budgets, we understand the unique economic challenges and difficult decisions you will have to make in dealing with the trying economic times that will accompany your taking the office of President. We are committed to working with you and your administration to forge solutions that can make a difference in the lives of the very Americans we all represent.

It is with this hope, and in that spirit of seeking consensus with regard to ongoing economic recovery efforts, that we write to also respectfully submit earnest concerns with the direction some in Washington D.C. seem to be headed with the recent so-called "economic recovery efforts."

From our nation's infancy, our economy grew to become the world's largest because of a market-based system that rewarded effort, entrepreneurial spirit, and good decisions, and in turn permitted consequences for the opposite. As our country faces an economic crisis the likes of which we have not seen since the Great Depression, we believe it is vital that federal economic policies are rooted in that same business model that rewards American ingenuity. Equally important, we must be wary of the moral hazard present in the idea of bailing out the private or public sector – for what in some cases were poor decisions.

After healthy discussion, Republican governors reached a broad consensus on the four general principles outlined below, which we believe are keys to revitalizing our economy and keeping it strong in the future.

Accordingly, we'd suggest these four ideas should be borne in mind as further federal efforts are contemplated with respect to the states:

First, the most important thing that the federal government can do is to reward entrepreneurship by not punishing those who create wealth from it. We were heartened to read reports of your intention



to not raise taxes, and believe that our economy can be further spurred by implementing a new round of tax cuts for both our nation's workers and the businesses they represent.

Second, we believe we must also give our businesses viable and expanding markets in which to sell their goods. Undoubtedly, one of the great mistakes of the Great Depression was limiting international trade. President Hoover's protectionist policies reduced global trade by two-thirds from 1929 to 1933, badly damaging America's recovery efforts and driving up unemployment. Instead of limiting international trade, we urge you to expand it, and going forward with the Columbia Free Trade Agreement would be a good start.

Third, we believe we must maintain and encourage a competitive workforce. The proposed so-called "Card Check" legislation would repeat the expansion of labor union power that harmed job creation during the Great Depression. The Detroit automakers' labor model is a fundamentally flawed one, and now is not the time to harm the successful automotive business elsewhere in our country with the same unsound business practices. To keep America competitive, the federal government should not enact the so-called Employee Free Choice Act.

Finally, we don't believe economic problems that were in large measure created by too much debt will be solved by more debt. In this light, if government spending was the key to preventing recessions, then we'd never have a recession, because increasing government spending is often one of the easiest things for a government to do. To emphasize once again, as governors we live with the demands of balancing our budgets, and we respectfully, but strongly, urge you to avoid large scale spending increases that are paid for through further borrowing. Instead, we would encourage your administration to chart a new course at the federal level and to prioritize spending so new initiatives are paid for – as is now required in most states.

The idea of putting aside partisanship and focusing on the issues was central to your campaign, and accordingly we want to say again how much we appreciate this initial visit with our nation's Governors. We are committed to working with you to make our country much more competitive in today's global competition for jobs and way of life, and look forward to continued conversations toward these ends.

Sincerely,

A handwritten signature in black ink, appearing to read "Mark Sanford".

Mark Sanford
Governor of South Carolina